



General Assembly

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Amendment

LCO No. 7911

SB0103407911HDO

Offered by:

REP. O'CONNOR, 35th Dist.

To: Subst. Senate Bill No. 1034

File No. 236

Cal. No. 598

**"AN ACT ESTABLISHING THE NUTMEG HEALTH PARTNERSHIP
INSURANCE PLAN."**

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Subsection (i) of section 5-259 of the general statutes is
4 repealed and the following is substituted in lieu thereof (*Effective from*
5 *passage*):

6 (i) The Comptroller may provide for coverage of employees of
7 municipalities, nonprofit corporations, community action agencies and
8 small employers and individuals eligible for a health coverage tax
9 credit, retired members or members of an association for personal care
10 assistants under the plan or plans procured under subsection (a) of this
11 section, provided: (1) Participation by each municipality, nonprofit
12 corporation, community action agency, [or] small employer, [or]
13 eligible individual, retired member or association for personal care
14 assistants shall be on a voluntary basis; (2) where an employee
15 organization represents employees of a municipality, nonprofit

16 corporation, community action agency or small employer,
17 participation in a plan or plans to be procured under subsection (a) of
18 this section shall be by mutual agreement of the municipality,
19 nonprofit corporation, community action agency or small employer
20 and the employee organization only and neither party may submit the
21 issue of participation to binding arbitration except by mutual
22 agreement if such binding arbitration is available; (3) no group of
23 employees shall be refused entry into the plan by reason of past or
24 future health care costs or claim experience; (4) rates paid by the state
25 for its employees under subsection (a) of this section are not adversely
26 affected by this subsection; (5) administrative costs to the plan or plans
27 provided under this subsection shall not be paid by the state; (6)
28 participation in the plan or plans in an amount determined by the state
29 shall be for the duration of the period of the plan or plans, or for such
30 other period as mutually agreed by the municipality, nonprofit
31 corporation, community action agency, small employer, retired
32 member or association for personal care assistants and the
33 Comptroller; and (7) nothing in [public act 03-6 of the June 30 special
34 session*] this section or section 12-202a, as amended by this act, 38a-
35 551, 38a-553 or 38a-556 shall be construed as requiring a participating
36 insurer or health care center to issue individual policies to individuals
37 eligible for a health coverage tax credit. The coverage provided under
38 this section may be referred to as the "Municipal Employee Health
39 Insurance Plan". The Comptroller may arrange and procure for the
40 employees and eligible individuals under this subsection health benefit
41 plans that vary from the plan or plans procured under subsection (a) of
42 this section. Notwithstanding any provision of [law] part V of chapter
43 700c, the coverage provided under this subsection may be offered [to
44 employees] on either a fully underwritten or risk-pooled basis at the
45 discretion of the Comptroller. [, except that coverage offered to small
46 employers shall be fully underwritten in accordance with part V of
47 chapter 700c.] For the purposes of this subsection, (A) "municipality"
48 means any town, city, borough, school district, taxing district, fire
49 district, district department of health, probate district, housing
50 authority, regional work force development board established under

51 section 31-3k, regional emergency telecommunications center, tourism
52 district established under section 32-302, flood commission or
53 authority established by special act, regional planning agency, transit
54 district formed under chapter 103a, or the Children's Center
55 established by number 571 of the public acts of 1969; (B) "nonprofit
56 corporation" means (i) a nonprofit corporation organized under 26
57 USC [501(c)(3)] 501 that has a contract with the state or receives a
58 portion of its funding from a municipality, the state or the federal
59 government, or (ii) an organization that is tax exempt pursuant to 26
60 USC 501(c)(5); (C) "community action agency" means a community
61 action agency, as defined in section 17b-885; (D) "small employer"
62 means a small employer, as defined in subparagraph (A) of
63 subdivision (4) of section 38a-564, as amended by this act; (E) "eligible
64 individuals" or "individuals eligible for a health coverage tax credit"
65 means [persons] individuals who are eligible for the credit for health
66 insurance costs under Section 35 of the Internal Revenue Code of 1986,
67 or any subsequent corresponding internal revenue code of the United
68 States, as from time to time amended, in accordance with the Pension
69 Benefit Guaranty Corporation and Trade Adjustment Assistance
70 programs of the Trade Act of 2002 (P.L. 107-210); [and] (F) "association
71 for personal care assistants" means an organization composed of
72 personal care attendants who are employed by recipients of service (i)
73 under the home-care program for the elderly under section 17b-342, (ii)
74 under the personal care assistance program under section 17b-605a,
75 (iii) in an independent living center pursuant to sections 17b-613 to
76 17b-615, inclusive, or (iv) under the program for individuals with
77 acquired brain injury as described in section 17b-260a; and (G) "retired
78 members" means individuals eligible for a retirement benefit from the
79 Connecticut municipal employees' retirement system.

80 Sec. 502. Section 12-202a of the general statutes is repealed and the
81 following is substituted in lieu thereof (*Effective July 1, 2005, and*
82 *applicable to income years commencing on or after January 1, 2005*):

83 (a) Each health care center, as defined in section 38a-175, that is

84 governed by sections 38a-175 to 38a-192, inclusive, shall pay a tax to
85 the Commissioner of Revenue Services for the calendar year
86 commencing on January 1, 1995, and annually thereafter, at the rate of
87 one and three-quarters per cent of the total net direct subscriber
88 charges received by such health care center during each such calendar
89 year on any new or renewal contract or policy approved by the
90 Insurance Commissioner under section 38a-183. Such payment shall be
91 in addition to any other payment required under section 38a-48.

92 (b) Notwithstanding the provisions of subsection (a) of this section,
93 the tax shall not apply to:

94 (1) Any new or renewal contract or policy entered into with the state
95 on or after July 1, 1997, to provide health care coverage to state
96 employees, retirees and their dependents;

97 (2) [any] Any subscriber charges received from the federal
98 government to provide coverage for Medicare patients;

99 (3) [any] Any subscriber charges received under a contract or policy
100 entered into with the state to provide health care coverage to Medicaid
101 recipients under the Medicaid managed care program established
102 pursuant to section 17b-28, which charges are attributable to a period
103 on or after January 1, 1998;

104 (4) [any] Any new or renewal contract or policy entered into with
105 the state on or after April 1, 1998, to provide health care coverage to
106 eligible beneficiaries under the HUSKY Medicaid Plan Part A, HUSKY
107 Part B, or the HUSKY Plus programs, each as defined in section 17b-
108 290;

109 (5) [any] Any new or renewal contract or policy entered into with
110 the state on or after April 1, 1998, to provide health care coverage to
111 recipients of state-administered general assistance pursuant to section
112 17b-192;

113 (6) [any] Any new or renewal contract or policy entered into with

114 the state on or after February 1, 2000, to provide health care coverage
115 to retired teachers, spouses or surviving spouses covered by plans
116 offered by the state teachers' retirement system;

117 (7) [any] Any new or renewal contract or policy entered into on or
118 after July 1, 2001, to provide health care coverage to employees of a
119 municipality and their dependents under a plan procured pursuant to
120 section 5-259, as amended by this act;

121 (8) [any] Any new or renewal contract or policy entered into on or
122 after July 1, 2001, to provide health care coverage to employees of
123 nonprofit organizations and their dependents under a plan procured
124 pursuant to section 5-259, as amended by this act; [or]

125 (9) [any] Any new or renewal contract or policy entered into on or
126 after July 1, 2003, to provide health care coverage to individuals
127 eligible for a health coverage tax credit and their dependents under a
128 plan procured pursuant to section 5-259, as amended by this act;

129 (10) Any new or renewal contract or policy entered into on or after
130 July 1, 2005, to provide health care coverage to employees of
131 community action agencies and their dependents under a plan
132 procured pursuant to section 5-259, as amended by this act; or

133 (11) Any new or renewal contract or policy entered into on or after
134 July 1, 2005, to provide health care coverage to retired members and
135 their dependents under a plan procured pursuant to section 5-259, as
136 amended by this act.

137 (c) The provisions of this chapter pertaining to the filing of returns,
138 declarations, installment payments, assessments and collection of
139 taxes, penalties, administrative hearings and appeals imposed on
140 domestic insurance companies shall apply with respect to the charge
141 imposed under this section.

142 Sec. 503. Subdivision (4) of section 38a-564 of the general statutes is
143 repealed and the following is substituted in lieu thereof (*Effective from*

144 passage):

145 (4) (A) "Small employer" means any person, firm, corporation,
146 limited liability company, partnership or association actively engaged
147 in business or self-employed for at least three consecutive months
148 who, on at least fifty per cent of its working days during the preceding
149 twelve months, employed no more than fifty eligible employees, the
150 majority of whom were employed within the state of Connecticut.
151 "Small employer" includes a self-employed individual. In determining
152 the number of eligible employees, companies which are affiliated
153 companies, as defined in section 33-840, or which are eligible to file a
154 combined tax return for purposes of taxation under chapter 208 shall
155 be considered one employer. Eligible employees shall not include
156 employees covered through the employer by health insurance plans or
157 insurance arrangements issued to or in accordance with a trust
158 established pursuant to collective bargaining subject to the federal
159 Labor Management Relations Act. Except as otherwise specifically
160 provided, provisions of sections 12-201, 12-211, 12-212a and 38a-564 to
161 38a-572, inclusive, as amended by this act, which apply to a small
162 employer shall continue to apply until the plan anniversary following
163 the date the employer no longer meets the requirements of this
164 definition.

165 (B) "Small employer" does not include ~~[(A)]~~ (i) a municipality
166 procuring health insurance pursuant to section 5-259, as amended by
167 this act, ~~[(B)]~~ (ii) a private school in this state procuring health
168 insurance through a health insurance plan or an insurance
169 arrangement sponsored by an association of such private schools, ~~[(C)]~~
170 (iii) a nonprofit organization procuring health insurance pursuant to
171 section 5-259, as amended by this act, unless the Secretary of the Office
172 of Policy and Management and the State Comptroller make a request
173 in writing to the Insurance Commissioner that such nonprofit
174 organization be deemed a small employer for the purposes of this
175 chapter, ~~[or (D)]~~ (iv) an association for personal care assistants
176 procuring health insurance pursuant to section 5-259, as amended by

177 this act, or (v) a community action agency procuring health insurance
178 pursuant to section 5-259, as amended by this act.

179 Sec. 504. Subdivisions (5) and (6) of section 38a-567 of the general
180 statutes are repealed and the following is substituted in lieu thereof
181 (*Effective from passage*):

182 (5) (A) With respect to plans or arrangements issued on or after July
183 1, 1995, the premium rates charged or offered to small employers shall
184 be established on the basis of a community rate, adjusted to reflect one
185 or more of the following classifications:

186 (i) Age, provided age brackets of less than five years shall not be
187 utilized;

188 (ii) Gender;

189 (iii) Geographic area, provided an area smaller than a county shall
190 not be utilized;

191 (iv) Industry, provided the rate factor associated with any industry
192 classification shall not vary from the arithmetic average of the highest
193 and lowest rate factors associated with all industry classifications by
194 greater than fifteen per cent of such average, and provided further, the
195 rate factors associated with any industry shall not be increased by
196 more than five per cent per year;

197 (v) Group size, provided the highest rate factor associated with
198 group size shall not vary from the lowest rate factor associated with
199 group size by a ratio of greater than 1.25 to 1.0;

200 (vi) Administrative cost savings resulting from the administration of
201 an association group plan or a plan written pursuant to section 5-259,
202 as amended by this act, provided the savings reflect a reduction to the
203 small employer carrier's overall retention that is measurable and
204 specifically realized on items such as marketing, billing or claims
205 paying functions taken on directly by the plan administrator or
206 association, except that such savings may not reflect a reduction

207 realized on commissions; [and]

208 (vii) Savings resulting from a reduction in the profit of a carrier who
209 writes small business plans or arrangements for an association group
210 plan or a plan written pursuant to section 5-259, as amended by this
211 act, provided any loss in overall revenue due to a reduction in profit is
212 not shifted to other small employers; and

213 ~~[(vii)]~~ (viii) Family composition, provided the small employer
214 carrier shall utilize only one or more of the following billing
215 classifications: (I) Employee; (II) employee plus family; (III) employee
216 and spouse; (IV) employee and child; (V) employee plus one
217 dependent; and (VI) employee plus two or more dependents.

218 (B) The small employer carrier shall quote premium rates to small
219 employers after receipt of all demographic rating classifications of the
220 small employer group. No small employer carrier may inquire
221 regarding health status or claims experience of the small employer or
222 its employees or dependents prior to the quoting of a premium rate.

223 (C) The provisions of subparagraphs (A) and (B) of this subdivision
224 shall apply to plans or arrangements issued on or after July 1, 1995.
225 The provisions of subparagraphs (A) and (B) of this subdivision shall
226 apply to plans or arrangements issued prior to July 1, 1995, as of the
227 date of the first rating period commencing on or after that date, but no
228 later than July 1, 1996.

229 (6) For any small employer plan or arrangement on which the
230 premium rates for employee and dependent coverage or both, vary
231 among employees, such variations shall be based solely on age and
232 other demographic factors permitted under subparagraph (A) of
233 subdivision (5) of this section and such variations may not be based on
234 health status, claim experience, or duration of coverage of specific
235 enrollees. Except as otherwise provided in subdivision (1) of this
236 section, any adjustment in premium rates charged for a small
237 employer plan or arrangement to reflect changes in case characteristics
238 prior to the end of a rating period shall not include any adjustment to

239 reflect the health status, medical history or medical underwriting
240 classification of any new enrollee for whom coverage begins during
241 the rating period.

242 Sec. 505. Section 38a-567 of the general statutes is amended by
243 adding subdivision (22) as follows (*Effective from passage*):

244 (NEW) (22) With respect to plans or arrangements issued pursuant
245 to subsection (i) of section 5-259, as amended by this act, or by an
246 association group plan, at the option of the Comptroller or the
247 administrator of the association group plan, the premium rates
248 charged or offered to small employers purchasing health insurance
249 shall not be subject to this section, provided (A) the plan or plans
250 offered or issued cover such small employers as a single entity and
251 cover not less than ten thousand eligible individuals on the date
252 issued, (B) each small employer is charged or offered the same
253 premium rate with respect to each eligible individual and dependent,
254 and (C) the plan or plans are written on a guaranteed issue basis.

255 Sec. 506. Subsection (b) of section 38a-569 of the general statutes is
256 repealed and the following is substituted in lieu thereof (*Effective from*
257 *passage*):

258 (b) Any member may reinsure with the pool coverage of an eligible
259 employee of a small employer, or any dependent of such an employee,
260 except that no member may reinsure with the pool coverage of an
261 eligible employee of a small employer, or any dependent of such an
262 employee, whose premium rates are not subject to section 38a-567, as
263 amended by this act, pursuant to subdivision (22) of section 38a-567, as
264 amended by this act. Any reinsurance placed with the pool from the
265 date of the establishment of the pool regarding the coverage of an
266 eligible employee of a small employer, or any dependent of such an
267 employee shall be provided as follows:

268 (1) (A) With respect to a special health care plan or a small employer
269 health care plan, the pool shall reinsure the level of coverage provided;
270 (B) with respect to other plans, the pool shall reinsure the level of

271 coverage provided up to, but not exceeding, the level of coverage
272 provided in a small employer health care plan or the actuarial
273 equivalent thereof as defined and authorized by the board; and (C) in
274 either case, no reinsurance may be provided in any calendar year for a
275 reinsured employee or dependent until five thousand dollars in benefit
276 payments have been made for services provided during that calendar
277 year for that reinsured employee or dependent, which payments
278 would have been reimbursed through said reinsurance in the absence
279 of the annual five-thousand-dollar deductible. The amount of the
280 deductible shall be periodically reviewed by the board and may be
281 adjusted for appropriate factors as determined by the board;

282 (2) With respect to eligible employees, and their dependents,
283 coverage may be reinsured: (A) Within such period of time after the
284 commencement of their coverage under the plan as may be authorized
285 by the board, or (B) commencing January 1, 1992, on the first plan
286 anniversary after the employer's coverage has been in effect with the
287 small employer carrier for a period of three years, and every third plan
288 anniversary thereafter, provided, commencing May 1, 1994,
289 reinsurance pursuant to this subparagraph shall only be permitted
290 with respect to eligible employees and their dependents of a small
291 employer which has no more than two eligible employees as of the
292 applicable anniversary;

293 (3) Reinsurance coverage may be terminated for each reinsured
294 employee or dependent on any plan anniversary; [and]

295 (4) Reinsurance of newborn dependents shall be allowed only if the
296 mother of any such dependent is reinsured as of the date of birth of
297 such child, and all newborn dependents of reinsured persons shall be
298 automatically reinsured as of their date of birth; [.] and

299 (5) Notwithstanding the provisions of subparagraph (A) of
300 subdivision (2) of this subsection: (A) Coverage for eligible employees
301 and their dependents provided under a group policy covering two or
302 more small employers shall not be eligible for reinsurance when such

303 coverage is discontinued and replaced by a group policy of another
304 carrier covering two or more small employers, unless coverage for
305 such eligible employees or dependents was reinsured by the prior
306 carrier; and (B) at the time coverage is assumed for such group by a
307 succeeding carrier, such carrier shall notify the pool of its intention to
308 provide coverage for such group and shall identify the employees and
309 dependents whose coverage will continue to be reinsured. The time
310 limitations for providing such notice shall be established by the pool.

311 Sec. 507. (NEW) (*Effective October 1, 2005*) (a) The Insurance
312 Commissioner shall approve any health insurance policy or contract,
313 including, but not limited to, a policy or contract filed by a health care
314 center, that uses variable networks and enrollee cost-sharing as set
315 forth in subsection (b) of this section if (1) the policy or contract meets
316 the requirements of title 38a of the general statutes, (2) the policy or
317 contract form or amendment thereto filed with the commissioner is
318 accompanied by a rate filing for the policy or contract and (3) the
319 commissioner finds that the rate filing reflects a reasonable reduction
320 in premiums or fees as compared to policies or contracts that do not
321 use such variable networks and enrollee cost-sharing.

322 (b) Such policies and contracts shall be limited to policies and
323 contracts that: (1) Offer choices among provider networks of different
324 size; (2) offer different deductibles depending on the type of health
325 care facility used; or (3) offer prescription drug benefits that use any
326 combination of deductibles, coinsurance not to exceed thirty per cent
327 or copayments, including combinations of such deductibles,
328 coinsurance or copayments at different benefit levels."